

Project: “**ESTABLISHING SEE ICT CLUSTER INSTITUTION FOR COLLABORATION**”

1. Basic Information

1.1. Title: SEE ICT CLUSTER INSTITUTION FOR COLLABORATION

1.2. Beneficiaries: SEE private sector ICT companies from Albania, Bosnia and Herzegovina, Bulgaria, Croatia, UNMIK Kosovo, fyRo Macedonia, Moldavia, Montenegro, Romania, Serbia, Greece, Slovenia, Turkey

1.3. Contracting Authority: TBD

1.4. Implementing Agency: SEE ICT Forum Board and CeGD

1.5. Indicative Project Cost: xxx.xxx EUR

1.6. Indicative Project Duration: 24 months

2. Major Project Idea

While the economies of the Western European countries are well established and all have high GDPs and living standard, the Eastern European economies emerging from the collapse of the communist states are facing many challenges in their struggle to find ways to accelerate their transition from centrally planned economies into free market economies. In order to narrow down the gap and completely integrate their economies with their Western European neighbors, the Eastern European states strive to achieve a rapid economic growth. The more Europe is unified in its research and technological capacities, the greater the potential of catching up with China and USA.

Approaching EU membership means paving the path towards faster and stable economic growth, which in underdeveloped countries coming from the SEE region does not primarily depend only on the Government, but on all national economy actors.

In order for SEE region to achieve a reasonable level of economic development and thus come closer to the developed EU members, it has to find ways for its economies to accelerate by strengthening their financial systems and production facilities as well as resolving its regulatory and social issues.

Due to the fact that in several EU member countries, the clustering recipe has shown to be successful, it is taken as a phenomenon that can be used in underdeveloped countries for strengthening the economy. There are different clustering models in SEE countries, each one specific in its structure, motivation, reason of existence and support provided.

The main aim of the establishment of the SEE ICT Cluster Institution for Collaboration is bridging the gap between ICT industries capacities and Information Society development which at the moment are rather mismatched. There is still not a single institution that holds all the contacts of the relevant stakeholders, which is able to influence and coordinate and match their ICT industry and information society development at all times. The SEE ICT Cluster Institution for Collaboration is envisioned to be such an institution.

3. Project Shareholders

The key shareholders of the SEE ICT Cluster Institution for Collaboration are:

3.1. SEE ICT Forum Board

The SEE ICT Forum Board¹ is composed of ICT associations' representatives from 13 SEE countries - Albania, Bosnia-Herzegovina, Bulgaria, Croatia, Macedonia, Moldova, Montenegro, Serbia, Romania and Kosovo, plus Slovenia, Greece and Turkey - as well the active stakeholders of the Center for e-Governance Development placed in Ljubljana, Slovenia.

The aim of the SEE ICT Forum is to establish a permanent dialogue between the broader SEE private sector ICT community and the RCC² (Stability Pact) regional initiatives. The aim of the SEE ICT Forum is also to create an active communication channel and dialogue between the private ICT sector companies and business associations and the governments of the region participating in the electronic South East Europe – eSEE, and broadband South East Europe - bSEE initiatives.

According to the SEE ICT Forum Board competitiveness vision, the SEE ICT Forum & Governments are important players in shaping the potential for upgrading the SEE ICT industry. **The SEE ICT Forum Board vision is to manage perception as a “SEE SILICON VALLEY for some ICT Products and/or Services” (by establishing Centers of Excellence, Competence Centers, or Technology Parks in each SEE country) recognized by the California SILICON Valley”.**

SEE ICT Forum Board Members and stakeholders, which will act as NCP's (National Contact Points) for each country within the SEE ICT Cluster Institution for Collaboration are:

- ZIT- ICT Association – Slovenia
- BAIT - Bosnia & Herzegovina
- SOFTWIN – Romania
- Cikom – Montenegro
- HUP ICT – Croatia
- AITA – Albania
- ICT Association – Moldavia
- CRO.ICT- Association of Croatian ICT Clusters – Croatia
- MASIT – Macedonia
- ISSETI – Albania
- Information Society of Serbia – Serbia
- STIKK – Kosovo
- IPKO Telecommunications – Kosovo
- BAIT – Bulgaria
- BASSCOM – Bulgaria

3.2. Center for eGovernance Development (CeGD)

Centre for eGovernance Development for SEE³ (CeGD) was established in January 2008 when six stakeholders (Stability Pact – eSEE, Government of Republic of Slovenia, European

¹ www.seeictforum.org

² www.rcc.int

³ www.cegd.eu

Foundation, UNDP, INA Academy and SRC d.o.o.) and two recognized partners (Microsoft and Siemens) signed the Memorandum of understanding on the establishment of CeGD.

In the line of CeGD's vision; *Successful development of Information Society in South East Europe (SEE) that will contribute to the future development of European continent* following the eSEE Agenda Plus*** and the commitment of CeGD Stakeholders / Recognised partners, CeGD develops its activities within the methodology of CeGD 7 ePillars Model of Single SEE Information Space and Inclusive Information Society***. 7 ePillars model builds on eGovernance Base fundamentally understood as a performance of governance via electronic medium and focuses on seven key spheres introduced through seven pillars - eGovernment, eDemocracy, eBusiness, eEducation & eResearch, eHealth, eJustice and eSecurity.

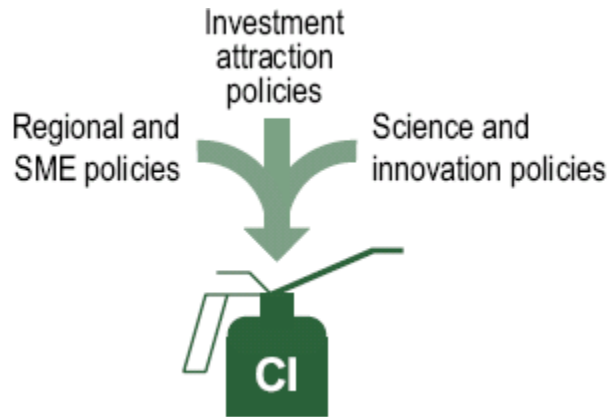
The one third of the SEE ICT Cluster IFC will function as the first regional CeGD Node, located in Macedonia. Every regional node of CeGD will have its own particularities and will focus on one specific issue of information society development in SEE region, but nevertheless cover all the different fields represented in the CeGD 7 ePillars Model (eGovernment; eDemocracy; eBusiness; eEducation, eResearch and eCulture; eHealth; eJustice; eSecurity) and its horizontal dimensions (Broadband and Interoperability; Participation and Equal Opportunities; Sustainable Development). The key underlying approach of the CeGD to all the fields is to analyse, evaluate and present three dimensions of each ePillar, namely policy environment, legal framework and ICT business

The rationale for the establishment of the first CeGD Node in Macedonia, within the SEE ICT Cluster Institution for Collaboration, is to apply and reinforce the bottom up approach to regional development in general and the development of information society in particular, with strong emphasis on the potentials of forming public private partnerships. The rationale to locate the first CeGD Node in Macedonia lies in the fact that through the recent years Macedonia has become the centre of many regional ICT business initiatives, networks and organisations (e.g. SEE ICT Forum and SEE ICT Forum Board, MASIT – Macedonian ICT Chamber of Commerce) and has evolved as an excellent ICT solution developer through its forerunning ICT companies. In this manner, the CeGD Node in Macedonia will contribute to the defragmentation process of various actors and initiatives and will with its partners in the SEE ICT Cluster Institution for Collaboration assist in carrying out the vision of creating a "SEE SILICON VALLEY" for excellent and outstanding ICT products and services.

4. Theory in practice

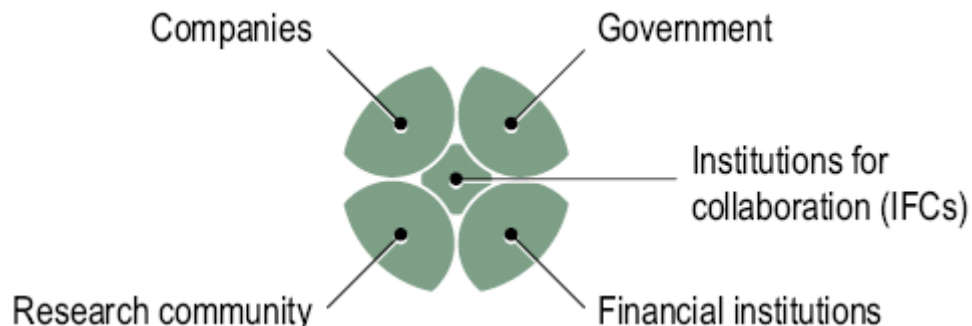
Cluster *"is a geographically concentration of interconnected companies and institutions in a particular field, linked by commonalities and complementarities"* (Porter 1998, p. 199).

On the regional side, Cluster Initiatives (CI) are implemented to boost development in weak regions and to rejuvenate declining clusters. CIs focus is shifting from cost cutting (subsidies, tax incentives, etc.) to promoting innovation and upgrading through new partnerships. FDI attraction policies have also shifted their focus from attracting individual firms and production units to a region or a country, to involving clusters and more embedded investments. The tendency in science, research and innovation policies is to focus on science-driven industries (Solvell *et al.* 2003).



Less understood are the significant effects on competitiveness of the wide variety of other organizations, which are called *institutions for collaboration* (IFCs). These entities include chambers of commerce, industry associations, professional associations, trade unions, technology transfer organizations, quality centers, non-profit think-tanks, centers of excellence, incubators, university alumni associations, and others. IFCs affect productivity and competitiveness through the intermediary functions they perform in local, regional, national, and even international markets, by performing collective activities (training or information collection), facilitating relationships, and setting standards. The effectiveness of IFCs also depends on the behavior and attitudes of the other economic actors that interact with them (Porter and Emmons 2003a).

In general, clusters consist of companies in co-located and linked industries, government, research community - academia, financial institutions, and institutions for collaboration (IFCs):



The figure above shows a common structure of one industry national cluster. The SEE ICT Cluster, that will be developed on behalf of the SEE ICT Forum, will be built on the same postulates, as the national one, however the challenge of the SEE ICT Cluster will be to bring all "stakeholders" from the SEE countries together, and to coordinate them at all times. The SEE ICT Cluster as a regional initiative will join and reinforce the activities of the existing regional public and private networks working in the field of ICT. The focal point for the SEE ICT Cluster development, as well for the stakeholders' coordination, will be the SEE ICT Cluster Institution for Collaboration.

5. Stakeholders of the SEE ICT Cluster Institution for Collaboration

The identified SEE ICT Cluster Institution for Collaboration stakeholders on SEE national level are:

- all Governments, so they can represent the government as a stakeholder of each country,
- the Academia on behalf of all countries (ICT faculties interested in development of regional ICT unified curricula),
- Bigger financial institutions in the region interested in financing the ICT industry should, and
- Finally, the ICT associations, as institutions for collaboration in each of the countries, representing the companies (business community) on behalf of each country.

The prime objective of the shareholders (SEE ICT Forum Board Members and CeGD) of the SEE ICT Cluster will be to set all the links between the relevant stakeholders within each SEE country, on a national and then on a regional level

The SEE ICT Forum Board, through its membership and stakeholders which are coming from all SEE Region, will be helping the establishment of the SEE ICT Cluster and appropriate Institution for Collaboration (IFC).

Established and recognized institutions on SEE regional level that will also be involved within the SEE ICT Cluster IFC are:

- **Regional Cooperation Council (RCC)** - The RCC is the successor of the Stability Pact that promotes public private partnerships in order to improve business climate and regulatory environment, facilitate cross-border trade and cooperation, and support national and regional ICT agenda throughout South East Europe.
- **Business Advisory Council for SEE (BAC for SEE)⁴** - The BAC for SEE is an advisory body composed of some 35 international investors and business representatives from more than 20 countries, whose experience and activities span across a wide range of sectors which are key to regional growth and development.

6. Regional ICT Cluster IFC Purpose

Once it is set, the first major and long term objective of the SEE ICT Cluster IFC will be to become both virtual and physical place where all stakeholders from the countries (both national and regional) will be able to communicate, distribute their information on the news and trends and create industry analysis through distributing periodical questionnaires on the industry developments (these are only few examples of the concrete activities that the SEE ICT Cluster will overtake).

The second major and long term objective of the SEE ICT Cluster IFC will be to identify and map the special knowledge, expertise, experience and technology that each and every county can offer on a national ICT Industry level. Through the SEE ICT Cluster IFC all these knowledge will be transferred, from one country to another, the social capital will be strengthened, the innovativeness level will be raised and the competitiveness of the whole region will be obtained. Through all these, the building of the SEE ICT Brand “SEE IT” will begin.

⁴ www.bacsee.net

On a broader level, the SEE ICT Cluster IFC is expected to provide a permanent consultation platform for the business community and the governments of the region aiming to the elaboration of policy proposals that will enable a more favorable environment for ICT entrepreneurship in the region and contribute to the removal of all obstacles for investment in ICT

7. Main Activities

The activities undertaken by the SEE ICT Institution for collaboration will be classified within three categories:

ICT Industry specific activities - The activities within this component will be mainly undertaken by the SEE ICT Forum Board and will be oriented towards the development of the ICT industry in SEE Region, both on national and regional level.

Some of the main activities under this component are:

- Promotion of the SEE ICT Forum Board members as an ICT private sector **National Contact Points**. The NCPs will be responsible for providing links between the private sector ICT associations and the Governments in their respective countries.
- Identification of the companies operating within each of the SEE countries and developing an extensive database of ICT solutions providers on local and on regional level as well as identifying champion companies per each country (companies that will understand and use the benefits of them volunteering in the activities of the Cluster.
- Identification of the level of support available to ICT companies, on behalf of government, academia, financial institutions and others supporters of the ICT industry within each of the SEE countries
- Publishing periodical summary reports on competitiveness in the ICT sector in the SEE countries, coordinated in consultation with eSEE/bSEE representatives and taking into consideration already available relative reports (SEE Observatory, INA SEE ICT Monitoring Re view, NRA reports, SEE ICT Labour Benchmark Reports, etc. – EITO support needed!).
- The SEE Regional ICT Cluster will become member of European network of Clusters

Information Society specific activities – through the CeGD Node Macedonia – The particularity of the CeGD Node Macedonia will be to focus on the dynamic and growing ICT business sector potentials, developing in the SEE region. By focusing on the private sector the CeGD Node in Macedonia will assist the CeGD in fulfilling its vision, to achieve the successful development of Information Society in South East Europe (SEE) that will contribute to the future development of European continent. In the broader sense it will complement the Regional ICT cluster in aspects of promoting regional knowledge, expertise and experience through the well established channels of communication and dissemination regional ICT business solutions.

Tasks of the CeGD Node Macedonia:

- CeGD Node Macedonia will track, gather and report on contemporary and state of the art ICT business solutions developed by regional ICT companies, including SMEs, and in use by the stakeholders of the regional ICT cluster.
- The CeGD Node will perform the task of a market research unit, specialising in regional market innovation in the field of ICT.
- The node will provide feedback on examples of innovative, creative, contemporary and state of the art solutions being developed by companies in the SEE region

Complementary / matchmaking activities – Activities that will ensure a balance and will make matching between IS and ICT industry development.

Activities under this component:

- Extensive database of excellent ICT business solution providers in all seven fields of information society development. The CeGD Node Macedonia will serve as a single point of reference for developing an extensive database of excellent ICT business solution providers in all seven fields of information society development (eGovernment; eDemocracy; eBusiness; eEducation, eResearch and eCulture; eHealth; eJustice; eSecurity) from the SEE region. The developed database will be further on made available to the stakeholders of the Regional ICT Cluster and used in educational activities (trainings, workshops, seminars, conferences) (co)organized by the CeGD
- SEE ICT Cluster report – which will be made available through CEGD and SEE ICT Forum to be used worldwide

8. Logistics and funding issues

The SEE ICT Cluster IFC activities are initially undertaken by MASIT's Executive Office on a volunteer basis, as approved by MASIT's Managing Board on its meeting on 25.12.2008 (as one of the shareholders of the SEE ICT Cluster IFC – a member of the SEE ICT Forum Board). Since then, MASIT's Executive office officially plays logistics role for the SEE ICT Forum Board and SEE ICT Cluster, with employees dedicated to support the work of the Board and the Cluster in the area of coordination and execution of its activities. However, SEE ICT Forum IFC office professional support will be needed so that the Board and the Cluster can start fully achieving its aims.

Nevertheless, the considerations that still remain unresolved are the issues related to funding of the Institution for Collaboration supporting the SEE ICT Cluster development, its operations, activities and/or projects. Getting financial support for the forthcoming period is essential for the Cluster to fully meet its objectives, and will create an opportunity for the office to develop a financial sustainability plan to address the SEE ICT Private Sector needs and challenges of the region for the foreseeable future.

9. Conclusion

The ICT sector in SE Europe is both a challenge and an opportunity for the business community. The ICT industry, through the collaboration of the SEE ICT Forum Board and CeGD, has the opportunity to act collectively to boost its influence in fora to define the pathways and assist in the policies that will shape the way in ICT development in this region in a concrete and coherent manner, and at the same time in the manner of the European Commission and European Union standards.

It is clear that this initiative is aiming to define a clear relationship with the Governments of the region based on mutual interest and openness. It indicates that the private sector can support the policy makers to put SE Europe into a position in the digital economy.

The growing demand for more reliable ICT infrastructure, products and services, and the technological and economic forces affecting the sector create a huge opportunity for new breakthroughs. Failure to seize this opportunity would mean that our industry and society could lose the critical momentum and capability to develop, which is essential for creating markets that sustain competitiveness and prosperity. This SEE ICT Cluster IFC should provide such a platform to capture this opportunity, and hence to reinforce the ICT growth in SE Europe.